



Government of the District of Columbia  
Office of the Chief Financial Officer

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**January 12, 2023**



# Disclaimer

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- Form changes identified in this presentation and supporting documentation are subject to change pending District of Columbia and/or Congressional approval
- Timely notification of any form changes due to legislation will be announced on the DC website



# Agenda

## **2022 Individual Income Tax Changes**

- **Earned Income Tax Credit**
- **Earned Income Tax Credit Without Qualifying Children**
- **Tax Rate Schedule change**
- **Standard & Additional Deduction**
- **Schedule H – Homeowner and Renter Property Tax Credit**
- **Schedule ELC - Keep Child Care Affordable Tax Credit**
- **Schedule HSR - Health Care Shared Responsibility**



# Agenda

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## **2022 Business Tax Changes**

- **Unincorporated Franchise Tax**
- **Fiduciary Tax**
- **Estate Tax**

## **2022 Miscellaneous**

- **DC Low-Income Housing Tax Credit (LIHTC)**
- **1094/1095 Reporting**



# 2022 Earned Income Tax Credit

## District Earned Income Tax Credit Updates for Tax Year 2022

***Amount: 70% of federal EITC***

*(with qualifying children)*



### ***Payout:***

- 1) 1 lump sum payment equal to 40% of federal EITC; plus*
- 2) 11 equal monthly payments of remaining federal EITC if remaining EITC is \$600 or more.*
- 3) If the remaining EITC is less than \$600, then issue 40% federal EITC plus the remaining amount in 1 lump sum payment.*
- 4) Part-year residents will be paid in 1 lump sum, prorated according to the period of DC residency.*
- 5) Eligible Schedule N, DC Non-Custodial Parent EITC claimants will be paid in 1 lump sum payment.*



# 2022 Earned Income Tax Credit without Qualifying Children

## Eliminating Temporary Special Rules for 2021 from The American Rescue Plan Act

### o Temporary Special Rules for 2021 Only

- If your earned income in tax year 2021 is less than your earned income in tax year 2019, the earned income credit for tax year 2021 can be determined by substituting your tax year 2019 earned income for your tax year 2021 earned income. In the case of a joint return, the earned income of the taxpayer for taxable year 2019 must be the sum of the earned income of each spouse for such taxable year. ARPA, § 9626.
- In the case of individuals without qualifying children, the EITC is expanded by decreasing the minimum age of claimants from 25 to age 19, except that it is age 24 for a specified student, or age 18 for a qualified former foster youth or qualified homeless youth. The maximum age of 65 has been eliminated. In addition, there is an increase in the credit and phaseout percentages, and an increase in earned income and phaseout amounts.



# 2022 Earned Income Tax Credit without Qualifying Children

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- Maximum credit amount has decreased from \$1502 to \$560.
- For TY2022, eligible claimants without Qualifying Children will be paid in 1 lump sum.
- Reinstated eligibility requirements that a taxpayer must be at least age 25, but not age 65 at the end of 2022 to qualify for this credit.
- If Earned Income or Federal Adjusted Gross income is greater than \$27,136 taxpayer is not eligible to claim this credit.

# Tax Rate Schedule Change

- Calculation I/Tax Rate Schedule change and there is a new tax bracket for \$250,000 – 500,000

Not over \$10,000	4% of the taxable income
Over \$10,000 but not over \$40,000	\$400, plus 6% of the excess over \$10,000
Over \$40,000 but not over \$60,000	\$2,200, plus 6.5% of the excess over \$40,000
Over \$60,000 but not over \$250,000	\$3,500, plus 8.5% of the excess over \$60,000
Over \$250,000 but not over \$500,000	\$19,650, plus 9.25% of the excess over \$250,000
Over \$500,000 but not over \$1,000,000	\$42,775, plus 9.75% of the excess over \$500,000
Over \$1,000,000	\$91,525, plus 10.75% of the excess over \$1,000,000





# Standard and Additional Standard Deduction

- The District conforms to the federal level standard deduction:
  - Single/Married/Registered Domestic Partners Filing Separately - **\$12,950**
  - Head of Household/Qualifying Widow(er) - **\$19,400**
  - Married/Registered Domestic Partners Filing Jointly or Separately on the Same Return - **\$25,900**
  - Dependents will use the Standard Deduction Worksheet
- If born before January 2, 1958, or blind, an additional standard deduction of **\$1,400 (\$1,750 if single or head of household)** is allowed –Schedule S, Calculation G-1 must be submitted unless you are claimed as a dependent by another taxpayer.
- When married filing separately, you may take an additional standard deduction for your spouse/registered domestic partner **only** if your spouse/registered domestic partner had no gross income, is not filing a return, and cannot be claimed as a dependent by another taxpayer



# 2022 Schedule H

- The maximum property tax credit limit is increased from \$1,225 to \$1,250.
- New federal adjusted gross income (AGI) limits

The credit equals a percentage of the property taxes paid or accrued *or* the portion of the rent paid that is equivalent to property taxes (20% of rent paid) *in excess* of the applicable percentage of the total federal adjusted gross income. The maximum credit amount is \$1250.

If you are under age 70 and the

Federal AGI of your tax filing unit

is: \$0 - \$24,999

\$25,000 - \$51,999

\$52,000 - \$57,600

Percentage -

The amount of property tax that exceeds 3.0% of the adjusted gross income

The amount of property tax that exceeds 4.0% of the adjusted gross income

The amount of property tax that exceeds 5.0% of the adjusted gross income



If you are age 70 or older and the

Federal AGI of your tax filing unit

is: \$0 - \$78,600

Percentage -

The amount of property tax that exceeds 3.0% of the adjusted gross income of the tax filing unit





# 2022 Schedule ELC – Keep Child Care Affordable Tax Credit (formerly *Early Learning Tax Credit*)

<b>7a Child Development Facility License Number</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>7b Is the child development facility operated by the federal government or by a private provider on federal property?</b>	<input type="checkbox"/> Yes. <input type="checkbox"/> No.	<input type="checkbox"/> Yes. <input type="checkbox"/> No.	<input type="checkbox"/> Yes. <input type="checkbox"/> No.
<b>8 Child Development Facility taxpayer identification number</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>9 For payment purposes, was the child under age 3 as of 9/30/2022?</b>	<input type="checkbox"/> <b>Yes.</b> Include payments made for care from 01/01/2022 through 12/31/2022	<input type="checkbox"/> <b>Yes.</b> Include payments made for care from 01/01/2022 through 12/31/2022	<input type="checkbox"/> <b>Yes.</b> Include payments made for care from 01/01/2022 through 12/31/2022
	<input type="checkbox"/> <b>No.</b> Include payments made for care from 01/01/2022 through 8/31/2022	<input type="checkbox"/> <b>No.</b> Include payments made for care from 01/01/2022 through 8/31/2022	<input type="checkbox"/> <b>No.</b> Include payments made for care from 01/01/2022 through 8/31/2022
<b>10 Amount paid. See instructions</b>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
<b>11 The maximum credit you can receive for each eligible child is \$1,045</b>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
<b>12 Enter the lesser of Line 10 or Line 11 for each eligible child here and on Schedule U, Part 1b, Line 2.</b>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>



## 2022 Schedule ELC – Keep Child Care Affordable Tax Credit *(formerly Early Learning Tax Credit)*

The amount of the credit is increased to \$1,045. You are not eligible to receive this credit if:

The taxpayer's District taxable income for the taxable year exceeds the amounts for taxable year 2022:

- a. Single and head of household: **\$157,200** ;
- b. Married/Registered Domestic Partners  
Filing Jointly: **\$157,200** ;
- c. Married/Registered Domestic Partners  
Filing Separately on the same return:  
**\$157,200** ;
- d. Married/Registered Domestic Partners  
Filing Separately: **\$78,600**

New District taxable income limits





## Schedule HSR – DC Health Care Shared Responsibility

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- DC law requires all residents to have health coverage in **2022**, get an exemption, or pay a tax penalty on their DC individual income tax return. DC enacted this law in response to the reduction of the federal individual responsibility penalty. It is modeled after the federal requirement. The penalty is based on the number of months an individual or family goes without health coverage.
- For someone who goes without coverage for a full year, the penalty is **\$700** for each adult and **\$350** for each child, up to **\$2,100** per family or 2.5 percent of family income that is over the federal tax filing threshold, whichever is greater. For more details about the tax penalty or exemptions from the penalty visit: [dchealthlink.com/individual-responsibility-requirement](https://dchealthlink.com/individual-responsibility-requirement).



# 2022 Schedule HSR – DC Health Care Shared Responsibility

The federal adjusted gross income exemption amount has increased to \$30,033.90.

## PART II Do you have an exemption?

- 2 Can someone else claim you as a dependent on their federal income tax return for 2022?
- ☐ Yes. Proceed to Part IV. See *instructions*.
- ☐ No.
- 3 Was your federal adjusted gross income below the applicable filing threshold for your filing status for 2022? See *instructions*.
- ☐ Yes. Proceed to Part IV. See *instructions*.
- ☐ No.
- 4 Was your federal adjusted gross income reported on your D-40, Line 4 for 2022 equal to or less than **\$30,033.90** 
- ☐ Yes. Proceed to Part IV. See *instructions*.
- ☐ No.

If you answered Yes to any of questions 2 - 4, enter zero on Line 25 of your D-40. If not, continue by answering questions 5 - 6.

- 5 Do you affirm under the penalties of perjury that you or any member of your health care shared responsibility family lacked qualifying health coverage in 2022 on the basis of a sincerely held religious belief during the entire taxable year?
- ☐ Yes. You must complete Part III before completing Part IV.
- ☐ No.
- 6 Are you claiming an exemption (other than a sincerely held religious belief) for at least one month for 2022 for yourself or any member of your health care shared responsibility family?
- ☐ Yes. You must complete Part III before completing Part IV.
- ☐ No.

After answering questions 5 - 6, complete Part IV to determine the amount to enter on Line 25 of your D-40. If you answered yes to question 5 or 6, you must also complete Part III.



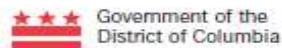
# 2022 Schedule HSR – DC Health Care Shared Responsibility

<b>Number of Shared Responsibility Family Members:</b>	<b>If your AGI is equal to or below the following amounts, members age 21 or older as of 12/31/2022 are exempt:</b>	<b>If your AGI is equal to or below the following amounts, members under age 21 as of 12/31/2022 are exempt:</b>
1	\$30,169.80	\$44,031.60
2	\$40,648.20	\$59,324.40
3	\$51,126.60	\$74,617.20
4	\$61,605.00	\$89,910.00
5	\$72,083.40	\$105,202.80
6	\$82,561.80	\$120,495.60
7	\$93,040.20	\$135,788.40
8	\$103,518.60	\$151,081.20
For Each Additional Member, add:	\$10,478.40	\$15,292.80



# 2021 Schedule HSR – DC Health Care Shared Responsibility

- The District Average Bronze Plan Premium Calculation (Worksheet C-1) is updated.

**2022**

DC Health Care Shared Responsibility Worksheets

**Important:**  
KEEP FOR YOUR RECORDS.  
DO NOT FILE.

## C. District Average Bronze Plan Premium Calculation

### Worksheet C-1 (No exemptions claimed)

**Worksheet C-1** - Complete this worksheet if you completed Worksheet A-1. If **you were** required to complete Worksheet A-2, you must complete Worksheet C-2. (See instructions on who is included in your health care shared responsibility family.)

*Round cents to nearest dollar.  
If amount is zero, leave line blank.*

1. Enter the number of members in your health care shared responsibility family.

1.

2. Enter the amount that corresponds to the number of members in your health care shared responsibility family.

- 1 person - \$3,450
- 2 persons - \$6,900
- 3 persons - \$10,350
- 4 persons - \$13,800
- 5 or more persons - \$17,250

Enter this amount on Schedule HSR, Part IV, Line 16.

2. .00

### Worksheet C-2 (Exemptions claimed for at least one month for at least one member in your health care shared responsibility family)

**Worksheet C-2** - Complete this worksheet only if you were required to complete Worksheet A-2. If **you were not** required to complete Worksheet A-2, complete Worksheet C-1. Do **not** complete this worksheet if you completed Worksheet A-1. (See instructions on who is included in your health care shared responsibility family.)

1. Enter the total number reported on Worksheet A-2, Line 1b.

1.

2. Multiply Line 1 by **\$288**. Enter this amount on Schedule HSR, Part IV, Line 16.

2. .00





## Unincorporated Business Franchise Tax (D-30)

- The language on Line 11 shown in red is removed from Form D-30

9 00

10 Other income (loss) (attach a detailed statement) Fill in if minus: 10 00

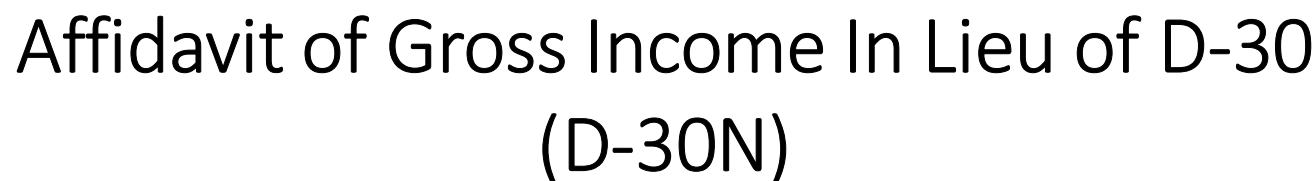
11 Total gross income. Add Lines 3-10. Fill in if minus: 11 00

**IF LINE 11 IS \$12,000 OR LESS, YOU ARE NOT REQUIRED TO FILE THIS RETURN unless you may need Clean Hands Certification.**

12 Salaries and wages (Do not include owner(s)/member(s)) 12 00

13 00

- D-30 is now available to file on MyTax.DC.gov. Must be a registered MyTax.DC user having an existing D-30 account.  
Restrictions: Combined Reporting filers  
Short-year filers





## Affidavit of Gross Income In Lieu of D-30 (D-30N)

- The affidavit is for unincorporated businesses registered with the Office of Tax and Revenue for unincorporated business franchise tax, that gross twelve thousand dollars or less during the taxable year.
- A taxpayer is not required to file a D-30 Return if the unincorporated business grosses \$12,000 or less during the taxable year.
- The D-30N will satisfy the expectation that a return be filed so that Clean Hands will not be adversely affected by electing to file the affidavit instead of a return.
- Available to file on [MyTax.DC.gov](https://mytax.dc.gov), if eligible.



## Affidavit of Gross Income In Lieu of D-30 (D-30N)

- The D-30N cannot be used:
  - If the taxpayer is not registered with OTR for unincorporated business franchise tax;
  - if the taxpayer is an unincorporated business required to file a D-65 partnership return;
  - if the taxpayer is a corporation (including an S Corporation) or a member of a combined group;
  - if the taxpayer made any estimated or extension payments;
  - if the taxpayer is attempting to file a short period return or seeking a refund.
  - In addition, the taxpayer may not use the D-30N to file as an amended return after having previously filed a D-30 return. However, the taxpayer can file a D-30 return as an amended return after having previously filed a D-30N Affidavit.



## Fiduciary (D-41) Tax Rate Schedule Change

- Calculation C/Tax Rate Schedule change and there is a new tax bracket for \$250,000 – 500,000

### Calculation C/Tax Rate Schedule

*Tax calculation if Line 13 is zero or a loss, go directly to Line 18a, enter zero on Lines*

**14-17. If your taxable fiduciary income from D-41, Line 13 is:**

Not over \$10,000	4% of the taxable income
Over \$10,000 but not over \$40,000	\$400, plus 6% of the excess over \$10,000
Over \$40,000 but not over \$60,000	\$2,200, plus 6.5% of the excess over \$40,000
Over \$60,000 but not over \$250,000	\$3,500, plus 8.5% of the excess over \$60,000
Over \$250,000 but not over \$500,000	\$19,650, plus 9.25% of the excess over \$250,000
Over \$500,000 but not over \$1,000,000	\$42,775 plus 9.75% of the excess over \$500,000
Over \$1,000,000	\$91,525, plus 10.75% of the excess above \$1,000,000



# Estate Tax (D-76)

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Estates of decedents for the period January 1, 2023 –  
December 31, 2023  
have an exclusion amount of **\$4,528,800**.



# DC LIHTC

## (Low-Income Housing Tax Credit)

- No schedules are required to be filed with return to claim DC LIHTC. D-8609A and D-8609DS are obsolete.
- D-8609 information sent by DHCD will be entered into the new Business Credit Manager in MITS. MITS will evaluate the availability of DC LIHTC when the credit is claimed on a return and track the available amount per customer over years.
- The lines to claim DC LIHTC are same from last year:
  - D-40 Schedule U, Line 5
  - D-20 Schedule UB, Line 8
  - D-30 Schedule UB, Line 19
  - D-41 Line 16



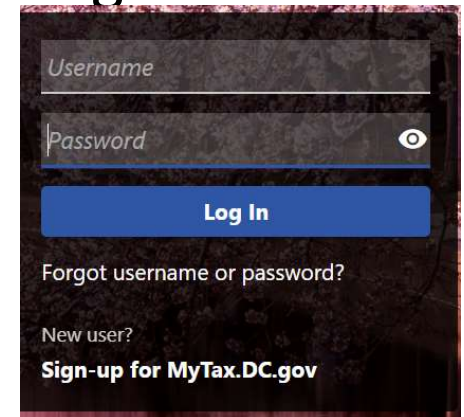
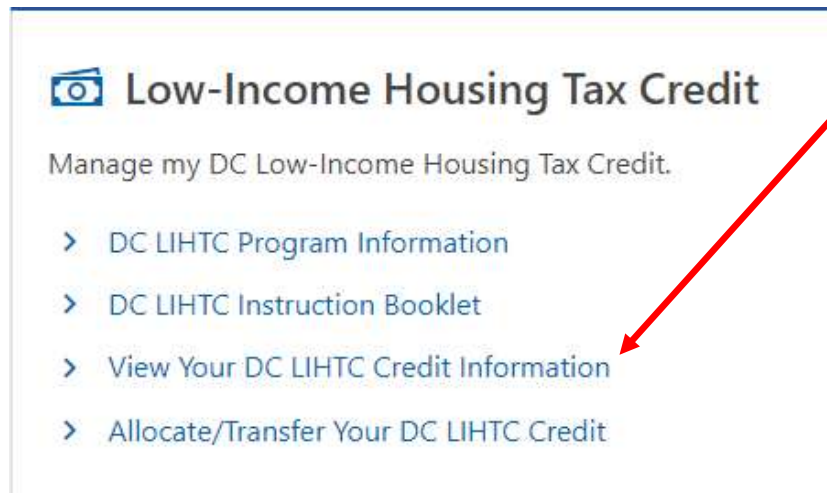
## DC LIHTC (Low-Income Housing Tax Credit)

All eligible credit holders will be able to see their available credit information on our web portal MyTax.DC.gov.

- Must be a registered user to log on.



- There is a new panel for DC LIHTC



- For more information, please see our new instruction booklet "Instructions for Low-Income Housing Tax Credit Allocation and Certification".





# 1094/1095 Reporting

- 1094/1095 filings for **2022** must be filed by April 30, **2023**. If due date is Saturday, Sunday or legal holiday the due date is the next business day, **May 1, 2023**.
- DC will not accept XML, rather submissions must be in a .txt, or .zip file via the online web portal, [MyTax.DC.gov](https://MyTax.DC.gov)
- The specifications are posted on the DC website at [otr.cfo.dc.gov](https://otr.cfo.dc.gov).



# Individual / Business Income Tax Forms

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**QUESTIONS pertaining to Individual Income or business franchise tax forms  
(both paper and substitute versions)**

**[DCsubformapproval@dc.gov](mailto:DCsubformapproval@dc.gov)**

**QUESTIONS pertaining to MeF**

**[efile@dc.gov](mailto:efile@dc.gov)**



# Taxpayer Advocate Contact Information

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District of Columbia Office of Tax and Revenue  
Attention: The Office of the Taxpayer Advocate  
1101 4<sup>th</sup> Street SW  
Washington, DC 20024

(202) 442-6348

[TaxpayerAdvocate@dc.gov](mailto:TaxpayerAdvocate@dc.gov)

[www.taxpayeradvocate.dc.gov](http://www.taxpayeradvocate.dc.gov)

# Questions & Answers

